

JOINT STANDING COMMITTEE
ON
INSURANCE & FINANCIAL
SERVICES

LD 499
BIENNIAL BUDGET
2008 - 2009



	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	1425.000	1427.000	1407.000	1407.000
Positions - FTE COUNT	1.600	1.600	1.144	1.144
Personal Services	71,010,610	96,677,464	99,196,699	101,025,933
All Other	199,887,037	200,792,026	238,832,411	246,588,000
Capital Expenditures	260,200	633,913	17,659,337	13,628,114
Unallocated	(431,500)	(7,702,616)		
Total	270,726,347	290,400,787	355,688,447	361,242,047
Department Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	514.500	514.500	498.000	498.000
Positions - FTE COUNT	0.769	0.769	0.769	0.769
Personal Services	33,009,683	29,394,690	31,269,235	31,374,193
All Other	70,533,654	78,256,507	89,669,161	94,433,802
Capital Expenditures	260,200	268,000		
Unallocated		(6,380,116)		
Total	103,803,537	101,539,081	120,938,396	125,807,995
Department Summary - HIGHWAY FUND				
Positions - LEGISLATIVE COUNT	23.000	23.000	25.000	25.000
Personal Services	1,081,153	1,098,196	1,515,842	1,359,184
All Other	1,914,066	1,217,205	1,863,242	1,872,328
Total	2,995,219	2,315,401	3,378,884	3,231,512
Department Summary - FEDERAL EXPENDITURES FUND				
Personal Services	101,180	108,220		
All Other	25,450	(396,236)	523,264	523,264
Total	126,630	(288,016)	523,264	523,264
Department Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	2.500	2.500	2.500	2.500
Personal Services	1,043,002	262,858	192,375	200,560
All Other	18,171,663	18,828,656	19,524,747	20,218,199
Capital Expenditures		365,913	5,000,000	5,000,000
Unallocated	(431,500)	(1,322,500)		
Total	18,783,165	18,134,927	24,717,122	25,418,759
Department Summary - FUND FOR HEALTHY MAINE				
All Other		(8,391,658)		
Total	0	(8,391,658)	0	0
Department Summary - FINANCIAL AND PERSONNEL SERVICES FUND				
Positions - LEGISLATIVE COUNT	276.000	277.000	270.000	270.000
Personal Services	8,748,475	17,754,380	17,392,280	17,949,361
All Other	1,558,493	2,614,020	1,913,269	1,895,253
Total	10,306,968	20,368,400	19,305,549	19,844,614
Department Summary - POSTAL, PRINTING & SUPPLY FUND				
Positions - LEGISLATIVE COUNT	51.000	51.000	50.000	50.000
Positions - FTE COUNT	0.375	0.375	0.375	0.375
Personal Services	2,590,147	2,653,368	2,710,931	2,800,634
All Other	1,529,327	1,579,933	1,579,933	1,579,933
Total	4,119,474	4,233,301	4,290,864	4,380,567
Department Summary - OFFICE OF INFORMATION SERVICES FUND				
Positions - LEGISLATIVE COUNT	481.000	481.000	484.500	484.500
Positions - FTE COUNT	0.456	0.456		
Personal Services	19,357,868	40,090,613	40,655,930	41,748,086
All Other	7,638,432	7,641,513	16,762,839	16,762,880

Department Summary - OFFICE OF INFORMATION SERVICES FUND

Capital Expenditures

			12,659,337	8,628,114
Total	26,996,300	47,732,126	70,078,106	67,139,080

Department Summary - RISK MANAGEMENT FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	5.000	5.000	5.000	5.000
	360,412	374,422	370,986	380,728
	247,729	233,719	3,515,976	3,515,976
Total	608,141	608,141	3,886,962	3,896,704

Department Summary - WORKERS' COMPENSATION MANAGEMENT FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	12.000	12.000	13.000	13.000
	1,240,610	1,272,545	1,365,019	1,392,231
	18,104,565	18,104,565	18,111,530	18,112,182
Total	19,345,175	19,377,110	19,476,549	19,504,413

Department Summary - CENTRAL MOTOR POOL

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	15.000	15.000	15.000	15.000
	792,788	830,536	847,864	874,653
	4,561,939	4,592,377	6,015,188	6,095,627
Total	5,354,727	5,422,913	6,863,052	6,970,280

Department Summary - REAL PROPERTY LEASE INTERNAL SERVICE FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	3.000	3.000	3.000	3.000
	196,748	203,662	226,057	231,116
	20,493,008	20,486,094	23,136,094	23,619,084
Total	20,689,756	20,689,756	23,362,151	23,850,210

Department Summary - BUREAU OF REVENUE SERVICES FUND

All Other

	625,000	150,000	150,000	150,000
Total	625,000	150,000	150,000	150,000

Department Summary - RETIREE HEALTH INSURANCE FUND

All Other

	48,400,235	48,400,235	48,400,235	48,400,235
Total	48,400,235	48,400,235	48,400,235	48,400,235

Department Summary - ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	14.000	14.000	14.000	14.000
	809,775	851,074	864,329	889,351
	777,665	741,289	922,483	953,473
Total	1,587,440	1,592,363	1,786,812	1,842,824

Department Summary - STATEWIDE RADIO AND NETWORK SYSTEM RESERVE FUND

All Other

	279,044	1,652,040	1,712,000	3,423,253
Total	279,044	1,652,040	1,712,000	3,423,253

Department Summary - STATE ADMINISTERED FUND

All Other

	2,094,628	2,094,628	2,043,128	2,043,128
Total	2,094,628	2,094,628	2,043,128	2,043,128

Department Summary - STATE LOTTERY FUND

Positions - LEGISLATIVE COUNT

Personal Services

All Other

	28.000	28.000	28.000	28.000
	1,678,769	1,756,900	1,733,842	1,771,176
	2,932,139	2,932,139	2,932,139	2,932,139
Total	4,610,908	4,689,039	4,665,981	4,703,315

Department Summary - RETIREE HEALTH INSURANCE - LAW ENFORCEMENT/FIRE FIGHTERS

Positions - LEGISLATIVE COUNT

Personal Services

All Other

		1.000	1.000	1.000
		26,000	52,209	54,660
		55,000	57,183	57,234
Total	0	81,000	109,392	111,894

ACCIDENT-SICKNESS-HEALTH INSURANCE 0455**What the Budget purchases:**

This program funds the administration of a series of benefits and services available to employees and eligible retirees. These benefits include the group health and dental plans and the employee assistance program (EAP). Additionally, there are 4 voluntary benefit programs that are also administered by this program: long-term care (LTC) insurance, vision care, flexible spending accounts (FSA), and the deferred compensation plan. This program also supports various health improvements and wellness initiatives at locations throughout the State.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - RETIREE HEALTH INSURANCE FUND				
All Other	48,400,235	48,400,235	48,400,235	48,400,235
Total	48,400,235	48,400,235	48,400,235	48,400,235

Program Summary - ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND

Positions - LEGISLATIVE COUNT	14,000	14,000	14,000	14,000
Personal Services	809,775	851,074	864,329	889,351
All Other	777,665	741,289	741,289	741,289
Total	1,587,440	1,592,363	1,605,618	1,630,640

Program Summary - RETIREE HEALTH INSURANCE - LAW ENFORCEMENT/FIRE FIGHTERS

Positions - LEGISLATIVE COUNT		1,000	1,000	1,000
Personal Services		26,000	52,209	54,660
All Other		55,000	55,000	55,000
Total	0	81,000	107,209	109,660

Initiative: Provides funding for general operations based on actual expenditures in fiscal year 2005-06 and anticipated operational needs.

ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND

All Other		30,000	30,000
Total		30,000	30,000

Initiative: Provides funding for the State's payment of a 45% subsidy toward the cost of health insurance for eligible retired law enforcement officers and firefighters. This request is made in accordance with Public Law 2005, chapter 636.

GENERAL FUND

All Other		1,320,535	3,116,405
Total		1,320,535	3,116,405

Initiative: Provides funding to cover the projected increase in administrative costs for this program and for payment of health insurance premiums.

RETIREE HEALTH INSURANCE - LAW ENFORCEMENT/FIRE FIGHTERS

All Other		2,183	2,234
Total		2,183	2,234

	2007-08	2008-09
Initiative: Provides funding for ongoing contractual obligations and for projected additional contractual services for this program.		
ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND		
All Other	115,194	145,194
Total	115,194	145,194

	2007-08	2008-09
Initiative: Provides funding in the technology line to cover Office of Information Technology fees for services.		
ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND		
All Other	36,000	36,990
Total	36,000	36,990

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other			1,320,535	3,116,405
Total	0	0	1,320,535	3,116,405

Revised Program Summary - RETIREE HEALTH INSURANCE FUND				
All Other	48,400,235	48,400,235	48,400,235	48,400,235
Total	48,400,235	48,400,235	48,400,235	48,400,235

Revised Program Summary - ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND				
Positions - LEGISLATIVE COUNT	14,000	14,000	14,000	14,000
Personal Services	809,775	851,074	864,329	889,351
All Other	777,665	741,289	922,483	953,473
Total	1,587,440	1,592,363	1,786,812	1,842,824

Revised Program Summary - RETIREE HEALTH INSURANCE - LAW ENFORCEMENT/FIRE FIGHTERS				
Positions - LEGISLATIVE COUNT		1,000	1,000	1,000
Personal Services		26,000	52,209	54,660
All Other		55,000	57,183	57,234
Total	0	81,000	109,392	111,894

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0455 Accident - Sickness - Health Insurance

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Retiree Health Insurance Fund	\$48,400,235	\$48,400,235
Accident, Sickness and Health Insurance Internal Service Fund	\$1,605,618	\$1,630,640
Firefighters and Law Enforcement Officers Health Insurance Program	\$107,209	\$109,660

Justification:

The Division of Employee Health & Benefits is responsible for (1) the management and administration of the State employee health plan, dental plan, direct reimbursement accounts, retired teacher health premium reimbursement; (2) the central management and administration of the Workers' Compensation claims for State employees; (3) management of contracted services for the Employee Assistance Programs (EAP); and (4) the development of health & safety policies and programs to reduce the incidence of illnesses and injuries to employees. The Division is comprised of two primary units with the following responsibilities: Employee Health This unit (1) administers the State employee health plan providing a point-of-service plan and Medicare supplement plan to approximately 41,000 covered lives. This unit administers subscriber enrollment, premium billing, claim resolution, and contract management for the health, dental, and direct reimbursement programs. This unit supports the State Employee Health Commission which serves as trustees to the State employee health plan. The unit facilitates agreements with Commission members in order to develop policies and practices designed to contain plan costs while ensuring access to high quality, affordable health care services. (2) Another area of responsibility is the EAP, which provides confidential assessment, referral, and counseling services for all State employees and their family members. The EAP assesses client needs and refers employee to appropriate community based providers. Additionally, the EAP provides short-term professional counseling services related to a wide range of personal issue, which may affect job performance. The primary objective of EAP is to provide direct services to enhance the productivity, performance, and quality of life of State employees. (3) Finally, the unit coordinates employee health and safety initiatives in cooperation with seventeen departmental health and safety committees. The unit provides consultation for work site assessments, ergonomic training, and other intervention strategies to reduce the risk of exposure to work related injuries. As part of the statewide safety programs, this unit manages the alcohol and drug testing policies and programs in order to comply with the Federal Highway Administration (FWHA) rules. Workers' Compensation The Workers' compensation unit is responsible for case management of claims filed in the Executive, Legislative, and Judicial branches. The unit directs agencies in the timely reporting and payment of claims, monitors and controls medical costs, implements return-to-work programs, interprets Workers' Compensation law and policies for agencies and directs a management information system. The unit works closely with line agency representatives to ensure compliance with established reporting and payment standards and to develop policies and procedures to maximize efficiency and ensure effective management of all claims.

Initiative:

Provides funding for general operations based on actual expenditures in fiscal year 2005-06 and anticipated operational needs.

	<u>2007-08</u>	<u>2008-09</u>
Accident, Sickness and Health Insurance Internal Service Fund	\$30,000	\$30,000

Justification:

Actual general operations expenditures in FY06 were \$96,936. Additional funding is required to meet anticipated expenditures for operational needs.

Initiative:

Provides funding for the State's payment of a 45% subsidy toward the cost of health insurance for eligible retired law enforcement officers and firefighters. This request is made in accordance with Public Law 2005, chapter 636.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$1,320,535	\$3,116,405

Justification:

LD 1021 as enacted by Public Law 2005, chapter 636, effective July 1, 2007, requires that the State pay a 45% subsidy towards the cost of health insurance for eligible, pre-medicare, retired law enforcement officers and firefighters. Beginning January 1, 2007 active law enforcement officers and firefighters will be assessed 1.5% of their salary to help offset the costs of the program.

Initiative:

Provides funding to cover the projected increase in administrative costs for this program and for payment of health insurance premiums.

	<u>2007-08</u>	<u>2008-09</u>
Firefighters and Law Enforcement Officers Health Insurance Program	\$2,183	\$2,234

Justification:

Provides funding to cover the projected increase in administrative costs for this program and for payment of health insurance premiums in accordance with the provisions contained in Public Law 2005, chapter 636.

Initiative:

Provides funding for ongoing contractual obligations and for projected additional contractual services for this program.

	<u>2007-08</u>	<u>2008-09</u>
Accident, Sickness and Health Insurance Internal Service Fund	\$115,194	\$145,194

Justification:

This program requests additional funding in the contractual services line to meet ongoing contractual services obligations and to cover the State employee health plan's portion (\$31,000) of a hospital performance bonus pilot project sponsored by the Maine Health Management Coalition and (\$40,000) for Employee Assistance Program services to support a pilot program with the Tufts/University of New England Medical Center.

Initiative:

Provides funding in the technology line to cover Office of Information Technology fees for services.

	<u>2007-08</u>	<u>2008-09</u>
Accident, Sickness and Health Insurance Internal Service Fund	\$36,000	\$36,990

Justification:

Additional funding requested to meet anticipated needs based on actual expenses for FY06 relating to technology services.

TRADE ADJUSTMENT ASSISTANCE HEALTH INSURANCE 2001

What the Budget purchases:

This program exists to provide a group health insurance product for individuals certified to receive federal assistance for health coverage under the terms of the tax credit program within the federal Trade Adjustment Assistance Reform Act of 2002. Individuals certified under the Trade Adjustment Assistance Reform Act are workers who have been displaced as a result of foreign competition.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - FEDERAL EXPENDITURES FUND				
Personal Services	101,180	108,220		
All Other	20,450	20,962	20,962	20,962
Total	121,630	129,182	20,962	20,962
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	1,200,000	1,200,000	1,200,000	1,200,000
Total	1,200,000	1,200,000	1,200,000	1,200,000

Initiative: Adjusts the allocation to more accurately reflect the projected expenditure requirements for this program.

OTHER SPECIAL REVENUE FUNDS				
All Other			(1,000,000)	(1,000,000)
Total			(1,000,000)	(1,000,000)
Revised Program Summary - FEDERAL EXPENDITURES FUND				
Personal Services	101,180	108,220		
All Other	20,450	20,962	20,962	20,962
Total	121,630	129,182	20,962	20,962
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	1,200,000	1,200,000	200,000	200,000
Total	1,200,000	1,200,000	200,000	200,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Z001 Trade Adjustment Assistance Health Insurance

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$20,962	\$20,962
Other Special Revenue Funds	\$1,200,000	\$1,200,000

Justification:

The purpose of this program is to provide a group health insurance product for individuals certified to receive federal assistance for health coverage under the terms of the tax credit program within the federal Trade Adjustment Assistance Reform Act of 2002. Individuals certified under the Trade Adjustment Assistance Reform Act are workers who have been displaced as a result of foreign competition

Initiative:

Adjusts the allocation to more accurately reflect the projected expenditure requirements for this program.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(1,000,000)	\$(1,000,000)

Justification:

Adjusts allocation for the 2008-09 biennium to more accurately reflect the projected expenditure requirements for this program.

Dirigo Health

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	1.000	1.000	14.000	14.000
Personal Services	1,639,502	1,498,579	1,363,374	1,405,580
All Other	73,994,520	131,912,583	131,912,583	131,912,583
Total	75,634,022	133,411,162	133,275,957	133,318,163
Department Summary - DIRIGO HEALTH FUND				
Positions - LEGISLATIVE COUNT	1.000	1.000	14.000	14.000
Personal Services	1,639,502	1,498,579	1,363,374	1,405,580
All Other	73,994,520	131,912,583	131,912,583	131,912,583
Total	75,634,022	133,411,162	133,275,957	133,318,163

DIRIGO HEALTH FUND 0988**What the Budget purchases:**

Dirigo Health exists as an independent executive agency to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis. Dirigo Health is also responsible for monitoring and improving the quality of health care in Maine. The Dirigo Health Agency was created in Public Law 2003, chapter 469. Dirigo Health operates under the supervision of a Board of Directors consisting of 5 voting members and 3 ex officio, nonvoting members.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - DIRIGO HEALTH FUND				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	1,639,502	1,498,579	151,082	153,161
All Other	73,994,520	131,912,583	131,912,583	131,912,583
Total	75,634,022	133,411,162	132,063,665	132,065,744

Initiative: Continues 2 Public Service Executive II positions, one Public Service Executive III position, one Public Service Manager I position, one Planning and Research Associate I position, one Accounting Technician position, 2 Dirigo Health/Program Coordinator positions, 2 Systems Analyst positions, one Comprehensive Health Planner II position, one Office Associate II position and one Secretary Associate position established in Public Law 2005, chapter 386, Part D.

DIRIGO HEALTH FUND

Positions - LEGISLATIVE COUNT			13,000	13,000
Personal Services			1,212,292	1,252,419
Total			1,212,292	1,252,419

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - DIRIGO HEALTH FUND				
Positions - LEGISLATIVE COUNT	1,000	1,000	14,000	14,000
Personal Services	1,639,502	1,498,579	1,363,374	1,405,580
All Other	73,994,520	131,912,583	131,912,583	131,912,583
Total	75,634,022	133,411,162	133,275,957	133,318,163

DIRIGO HEALTH

0988 Dirigo Health Fund

Initiative:

BASELINE BUDGET

Dirigo Health Fund

<u>2007-08</u>	<u>2008-09</u>
\$132,063,665	\$132,065,744

Justification:

Dirigo Health is established as an independent executive agency to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis. Dirigo Health is also responsible for monitoring and improving the quality of health care in Maine. The Dirigo Health Agency was created in Public Laws 2003, Chapter 469. Dirigo Health operates under the supervision of a Board of Directors consisting of five voting members and three ex officio, nonvoting members. Duties of Dirigo Health Agency, as defined in PL 2003, Chapter 469, include: establishing administrative and accounting procedures for the operation of Dirigo Health in accordance with Title 5; collect the savings offset payments; determine the comprehensive services and benefits to be included in Dirigo Health Insurance and develop the specifications for Dirigo Health Insurance; develop and implement a program to publicize the existence of Dirigo Health and Dirigo Health Insurance and the eligibility requirements and the enrollment procedures for Dirigo Health Insurance and to maintain public awareness of Dirigo Health and Dirigo Health Insurance; arrange the provision of Dirigo Health Insurance benefit coverage to eligible individuals and eligible employees through contacts with one or more qualified bidders; develop a high-risk pool for plan enrollees in Dirigo Health Insurance; and establish and operate the Maine Quality Forum. The four key initiatives of the Forum are: patient safety; activated consumer; specific quality improvement initiatives; and health information technology.

Initiative:

Continues 2 Public Service Executive II positions, one Public Service Executive III position, one Public Service Manager I position, one Planning and Research Associate I position, one Accounting Technician position, 2 Dirigo Health/Program Coordinator positions, 2 Systems Analyst positions, one Comprehensive Health Planner II position, one Office Associate II position and one Secretary Associate position established in Public Law 2005, chapter 386, Part D.

Dirigo Health Fund

<u>2007-08</u>	<u>2008-09</u>
\$1,212,292	\$1,252,419

Justification:

Continues 13 positions needed for the ongoing operation of Dirigo Health Agency. Dedicated revenue includes all funds advanced for operating expenses including employer and employee contributions, savings offset payments and any funds received from any public or private source.

Professional and Financial Regulation, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	218,500	218,500	221,000	221,000
Positions - FTE COUNT	1,208	1,208	1,208	1,208
Personal Services	15,170,280	15,153,666	16,247,782	16,710,219
All Other	9,701,527	10,517,483	11,553,523	11,563,447
Capital Expenditures		250,000		
Total	24,871,807	25,921,149	27,801,305	28,273,666
Department Summary - FEDERAL EXPENDITURES FUND				
All Other	55,684	57,024	23,554	23,554
Total	55,684	57,024	23,554	23,554
Department Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	218,500	218,500	221,000	221,000
Positions - FTE COUNT	1,208	1,208	1,208	1,208
Personal Services	15,170,280	15,153,666	16,247,782	16,710,219
All Other	9,645,843	10,460,459	11,529,969	11,539,893
Capital Expenditures		250,000		
Total	24,816,123	25,864,125	27,777,751	28,250,112

FINANCIAL INSTITUTIONS - BUREAU OF 0093

What the Budget purchases:

The Bureau of Financial Institutions supervises all financial institutions chartered by the State. The bureau examines institutions for safety and soundness and compliance with state laws and engages in enforcement actions such as issuance of regulatory orders to assure the strength and stability of the regulated industry. In its supervisory role, the bureau also acts on applications for new charters, branches, mergers, and closely related activities. The bureau also provides mediation services to consumers who have complaints involving state-chartered financial institutions.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	19,000	19,000	19,000	19,000
Personal Services	1,486,782	1,521,155	1,538,199	1,571,135
All Other	623,512	645,767	645,767	645,767
Total	2,110,294	2,166,922	2,183,966	2,216,902

Initiative: Continues 2 Bank Examiner positions previously established as limited-period positions in Public Law 2003, chapter 451 and continued in Public Law 2005, chapter 386.

OTHER SPECIAL REVENUE FUNDS

Positions - LEGISLATIVE COUNT		2,000	2,000
Personal Services		115,348	121,895
Total		115,348	121,895

Initiative: Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

OTHER SPECIAL REVENUE FUNDS

All Other		(18,317)	(11,066)
Total		(18,317)	(11,066)

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other		9,427	9,676
Total		9,427	9,676

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	19,000	19,000	21,000	21,000
Personal Services	1,486,782	1,521,155	1,653,547	1,693,030
All Other	623,512	645,767	636,877	644,377
Total	2,110,294	2,166,922	2,290,424	2,337,407

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0093 Financial Institutions - Bureau of

Initiative:**BASELINE BUDGET**

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$2,183,966	\$2,216,902

Justification:

The Bureau of Financial Institutions is an agency within the Department of Professional and Financial Regulation. The bureau is divided into 2 divisions: one for research and administration and the other responsible for examination and supervision. The bureau is funded by dedicated revenue. The bureau regulates all state-chartered banks and credit unions through the administration and enforcement of the Maine Banking Code and the Maine Consumer Credit Code. The bureau's statutory mission is to assure the strength, stability and efficiency of all financial institutions, ensure reasonable and orderly competition, encourage the development and expansion of financial services advantageous to the public welfare and protect consumers against unfair practices by financial institutions that provide consumer credit.

Initiative:

Continues 2 Bank Examiner positions previously established as limited-period positions in Public Law 2003, chapter 451 and continued in Public Law 2005, chapter 386.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$115,348	\$121,895

Justification:

The Bureau of Financial Institutions is responsible for the supervision and examination of 51 state-chartered financial institutions with approximately \$14 billion in assets. For the past 4 fiscal years, the examination workload has averaged 2,250 days. This workload requires 11 full-time Bank Examiner positions to conduct examinations mandated by statute. The two positions requested are critical to protection of Maine citizens. The Personal Services and related costs of these positions will be offset by revenue from examination charges billed directly to financial institutions.

Initiative:

Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(18,317)	\$(11,066)

Justification:

To adjust the level of allocation to the level of anticipated resources.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$9,427	\$9,676

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

INSURANCE - BUREAU OF 0092

What the Budget purchases:

The Bureau of Insurance, in a coordinated effort with other states, through the National Association of Insurance Commissioners (NAIC), regulates the business of insurance and provides consumer assistance in the State of Maine. Regulatory responsibilities include financial solvency regulation and consumer protection. These responsibilities are met through the enforcement of Maine law in regard to policy form and rate filing review, financial analysis and examination, consumer complaint resolution, market conduct examination, and licensing of various insurance entities.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	81,000	81,000	80,500	80,500
Personal Services	5,640,347	5,794,961	6,176,244	6,340,579
All Other	3,051,969	3,144,505	3,144,505	3,144,505
Total	8,692,316	8,939,466	9,320,749	9,485,084

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other		7,156	8,206
Total		7,156	8,206

Initiative: Reduces funding to reflect the greater utilization of examination staff and the decreased use of outside contractors.

OTHER SPECIAL REVENUE FUNDS

All Other		(1,359,102)	(1,359,102)
Total		(1,359,102)	(1,359,102)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	81,000	81,000	80,500	80,500
Personal Services	5,640,347	5,794,961	6,176,244	6,340,579
All Other	3,051,969	3,144,505	1,792,559	1,793,609
Total	8,692,316	8,939,466	7,968,803	8,134,188

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0092 Insurance - Bureau of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$9,320,749	\$9,485,084

Justification:

The Bureau of Insurance is responsible for the regulation and supervision of the insurance industry in Maine. This includes, but is not limited to, insurance companies, producers (formerly referred to as "agents"), health maintenance organizations (HMOs), employers' self insured for workers' compensation and other insurance entities. To meet this responsibility, the bureau is empowered to license insurance companies to operate in the State of Maine, as well as non-profit hospital, medical or other health service organizations, health maintenance organizations, insurance producers, medical utilization review entities, third-party administrators, continuing care retirement communities, advisory organizations and reinsurance intermediaries/managers. The bureau registers preferred provider organizations, risk purchasing groups, risk retention groups, managing general agents and employee leasing plans. The bureau regularly conducts vigorous financial examinations of all domestic insurers as well as examinations to determine market compliance with the Maine Insurance Code. Bureau staff also reviews all the financial statements, Securities and Exchange Commission filings and other publicly available information on all licensed and authorized insurance companies doing business in Maine, the emphasis being on the domestic carriers. The bureau also examines and issues licenses to qualified applicants as insurance producers, consultants and adjusters. All policy forms and contracts used in Maine must be filed by insurance companies for approval by the bureau which administers the rating laws that apply to certain lines of insurance. The bureau may seek suspension or revocation of licenses in instances where licensees have failed to comply with the statutory provisions of Titles 24 and 24-A and the lawful regulations of the bureau.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$7,156	\$8,206

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Reduces funding to reflect the greater utilization of examination staff and the decreased use of outside contractors.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(1,359,102)	\$(1,359,102)

Justification:

Reduces funding to equal anticipated expenditures.

OFFICE OF CONSUMER CREDIT REGULATION 0091

What the Budget purchases:

The agency was established to protect the citizens of Maine from unfair and deceptive practices with respect to consumer credit. The agency fulfills its role through implementation of the Maine Consumer Credit Code, and through administration of laws relating to collection agencies, credit reporting agencies, money order issuers, non-bank Automated Teller Machine operators, credit counselors and other consumer finance businesses.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	12,500	12,500	12,500	12,500
Personal Services	932,414	956,203	927,487	949,540
All Other	194,490	192,803	192,803	192,803
Capital Expenditures		250,000		
Total	1,126,904	1,399,006	1,120,290	1,142,343

		2007-08	2008-09
Initiative: Continues one Consumer Credit Examiner-in-Charge position previously established as a limited-period position in Public Law 2003, chapter 451 and continued in Public Law 2005, chapter 385.			
OTHER SPECIAL REVENUE FUNDS			
Positions - LEGISLATIVE COUNT		1,000	1,000
Personal Services		93,108	94,731
All Other		1,121	1,140
Total		94,229	95,871

		2007-08	2008-09
Initiative: Adjusts funding to incorporate changes to STA-CAP rates.			
OTHER SPECIAL REVENUE FUNDS			
All Other		5,376	5,642
Total		5,376	5,642

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	12,500	12,500	13,500	13,500
Personal Services	932,414	956,203	1,020,595	1,044,271
All Other	194,490	192,803	199,300	199,585
Capital Expenditures		250,000		
Total	1,126,904	1,399,006	1,219,895	1,243,856

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0091 Office of Consumer Credit Regulation

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$1,120,290	\$1,142,343

Justification:

The Office of Consumer Credit Regulation protects the citizens of Maine from unfair and deceptive practices with respect to various financial services, including consumer credit and debt collection. This is accomplished through enforcing state laws to assist consumers who are subject to illegal credit-related practices, educating consumers and creditors as to their rights and responsibilities under those laws, and encouraging the development of fair and economically-sound consumer credit practices. The agency enforces the Maine Consumer Credit Code, Title 9-A, as it applies to all creditors and lenders other than banks and credit unions. Enforcement responsibilities also extend to other statutes, including the Fair Debt Collection Practices Act, the Fair Credit Reporting Act, and Maine's "Plain Language" Law. The agency regulates retail creditors, pawnshops, rent-to-own stores, mortgage companies, loan arrangers and credit bureaus. In addition, the office is responsible for ensuring legal compliance by money transmitters, money order issuers, operators of non-bank Automated Teller Machines, debt management service providers (credit counselors), payroll processors, and individual loan officers employed by non-bank lenders or loan brokers. The office enforces Truth in Lending, Regulation Z, credit disclosure requirements. Maine has received exemptions from federal oversight due to the State's diligent enforcement of the principles of the Truth-in-Lending Act and the Fair Debt Collection Practices Act.

Initiative:

Continues one Consumer Credit Examiner-in-Charge position previously established as a limited-period position in Public Law 2003, chapter 451 and continued in Public Law 2005, chapter 386.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$94,229	\$95,871

Justification:

This position is needed to provide critical consumer protection to Maine citizens. This is the agency's only accountant and is charged with evaluating the financial condition of approximately 4000 licensees.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$5,376	\$5,642

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

OFFICE OF SECURITIES 0943

What the Budget purchases:

The Office of Securities administers and enforces the Revised Maine Securities Act. The office reviews applications to register securities for sale in Maine; reviews filings for exemptions from registration, and licenses broker-dealers, sales representatives, and investment advisors doing business in Maine. The office suspends or revokes such licenses for misconduct. The office responds to consumer complaints; investigates possible violations of the securities laws and may take administrative action or refer matters to the Attorney General for civil or criminal action. The office also administers the Business Opportunity Law and the State Commodity Code.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	13,000	13,000	13,000	13,000
Personal Services	911,344	941,350	1,006,438	1,041,633
All Other	302,452	329,909	329,909	329,909
Total	1,213,796	1,271,259	1,336,347	1,371,542

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other

	2007-08	2008-09
All Other	6,908	7,173
Total	6,908	7,173

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	13,000	13,000	13,000	13,000
Personal Services	911,344	941,350	1,006,438	1,041,633
All Other	302,452	329,909	336,817	337,082
Total	1,213,796	1,271,259	1,343,255	1,378,715

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0943 Office of Securities

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$1,336,347	\$1,371,542

Justification:

The Office of Securities was formed to protect Maine citizens against fraud and other abusive practices in connection with the sale of securities. The office's major functions include licensing persons engaged in the business of selling securities or providing investment advice, registering securities being offered and sold in Maine, and investigating and prosecuting alleged violations of the securities laws. The Office of Securities administers and enforces the Maine Uniform Securities Act, the laws governing the sale of business opportunities, and the Maine Commodity Code.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$6,908	\$7,173

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Joint Standing Committee on Business, Research and Economic Development

PART H

Sec. H-1. Development of plan. The Department of Professional and Financial Regulation and the Department of Economic and Community Development, referred to in this section as "the departments," shall work jointly to develop a plan to merge the departments into a single department to be named the Department of Commerce. Under the plan, the Department of Commerce shall perform the duties of both the departments. The departments may request the cooperation of other agencies or entities of State Government in the development of the plan, as well as the implementation of the merger. The plan to merge the departments must be designed to:

1. Streamline services to businesses;
2. Minimize administrative overhead;
3. Eliminate duplication of services; and
4. Otherwise create efficiencies and cost savings in the provision of services.

Sec. H-2. Report. No later than October 1, 2007, the Department of Professional and Financial Regulation and the Department of Economic and Community Development shall submit a report outlining the progress on the plan to merge into a single Department of Commerce to the Joint Standing Committee on Appropriations and Financial Affairs, the Joint Standing Committee on Business, Research and Economic Development and the Joint Standing Committee on Insurance and Financial Services. The Department of Professional and Financial Regulation and the Department of Economic and Community Development shall submit proposed legislation necessary to implement the plan to merge into a single Department of Commerce to the Second Regular Session of the 123rd Legislature no later than January 1, 2008.

SUMMARY

PART H

Part H directs the Department of Professional and Financial Regulation and the Department of Economic and Community Development to develop a plan to merge the departments into a single department to be named the Department of Commerce. The departments are directed to report on their progress by October 1, 2007 and are directed to submit any necessary implementing legislation no later than January 1, 2008.